

OAHU WORKFORCE DEVELOPMENT BOARD  
**CITY AND COUNTY OF HONOLULU**

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**OAHU WORKFORCE DEVELOPMENT BOARD  
WORKFORCE INNOVATION AND OPPORTUNITY ACT  
POLICY #23-25**

**SUBJECT:** BUDGET MODIFICATIONS

**PURPOSE:**

To provide guidance, set forth standards for sub-award budget Oahu Workforce Development Board sub-recipient budget modification process.

**BACKGROUND:**

Each recipient and sub-recipient of federal funds must expend and account for the federal award according to established laws and regulations. In addition, recipients' and sub-recipients financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditure adequate to establish that such funds have been used according to Federal statutes and regulations. Sub-recipient financial management systems must provide accurate, current, and complete disclosure of each sub-award or program's financial results, as required by 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**POLICY:**

The Oahu Workforce Development Board (OWDB) is responsible for submitting all budget modification requests promptly. Proposed modifications will be considered only when necessary and for the benefit of the specific program or project funded. Flexibility is allowed within any sub-award budget category if the total category is not increased or decreased by more than 10%.

## **DEFINITIONS:**

A modification is a formal process used to make changes to a sub-award agreement.

Sub-recipients are permitted to modify a sub-award budget within the established parameters to meet unanticipated program or project requirements. However, any modification shall be consistent with the terms and conditions of the sub-award agreement and the original intent of the approved and funded program or project.

### **Prior Written Approval**

- a. Budget modifications exceeding 10% per category must receive prior written approval from The OWDB before they are executed. OWDB will accept requests for budget modifications for review on a quarterly basis unless an emergency or unforeseen immediate need arises.

- **Budget Modification Written Request**

Any proposed budget modification that results in a category increase or decrease of 10% or more must include the following:

- Modification requests must be submitted via a dated cover letter on organizational letterhead, signed by an authorized representative, containing the following:
- an explanation or rationale of the reason/justification for the proposed budget modification;
- An explanation or rationale regarding how the modification will benefit the project or program and an explanation of the projected outcome of the modification;
  - a. OWDB may request additional information or documentation as deemed necessary and appropriate.
  - b. OWDB shall conduct a programmatic and fiscal analysis of the allowability, reasonableness, and necessity of the budget modification. In writing, OWDB will notify the sub-recipient of the approval or disapproval of the modification request. Written approval of the sub-recipient's modification request must be obtained before the sub-recipient implements the modification.

### **Other Budget Modification Requirements:**

- Sections including (Participant Training) and (Support Services) may be increased throughout the year via approved budget modifications and award increases but may not be decreased.
- Line items within Overhead sections, including (Travel), (Equipment), (Consultants Contracts), (Other Overhead), (Support Personnel), and (Support Fringe Benefits) may only be increased by approved funding increases or by decreasing another line item in one of the other Overhead sections. Line item budget modifications affecting the aforementioned Overhead sections must net to zero or show a net decrease.

- Sections (Personnel) and (Fringe Benefits) may only be increased through approved funding increases or by pulling funding from an Overhead line item. Any deviations from the above must be approved in writing by OWDB staff. OWDB reserves the right to mandate budget requirements, which may entail setting minimum and maximum requirements for any budgetary item or section.

**Budget vs. Expenditure:**

OWDB approval of the original budget and/or any modification(s) does not constitute approval of actual expenditures, actual expenditures must comply with all applicable Federal statutes and/or regulations, State and local policies.

**ACTION:**

This policy is effective immediately and remains in effect until such time that amendments to this policy are made or a new policy is issued.

**REFERENCES:**

Public Law (P.L.) 113-128 WIOA Sec. 184 and Sec. 185; 2 CFR Part 200, 2900; One-stop Comprehensive Financial Technical Assistance Guide part II;

**INQUIRIES:**

For inquiries regarding this policy, please contact Harrison Kuranishi, Executive Director, Oahu Workforce Development Board at 808-768-7790 or [h.kuranishi@honolulu.gov](mailto:h.kuranishi@honolulu.gov).



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